

The complaint

Ms R is unhappy PrePay Technologies Limited trading as Prepay Solutions won't refund money she lost as a result of a scam.

What happened

Monese is an agent of PrePay Technologies. As Ms R's customer relationship is with Monese, I've referred to Monese, rather than PrePay Technologies, throughout this decision.

Ms R received a text which prompted her to download an NHS coronavirus pass. The text said that she needed to pay a fee, which she did.

Later that day she received a call from someone claiming to work in Monese's fraud department. The caller asked whether she'd responded to any text messages and suggested that her account was at risk of fraud.

The caller explained that she'd need to move her money to a new 'safe account'. Ms R followed the caller's instructions and she sent a number of payments to a new account. Only two of those were successful – an initial payment of £5,461.96 and a subsequent payment of £4,000. Numerous other payments were made but returned to Ms R's account and a final payment of £7,100 was blocked by Monese's security systems.

Monese sent an email to Ms R about the £7,100 payment and asked for some further information about it. Ms R explained what had happened – that she'd been asked to move her money to a new account due to fraudulent activity. Eventually this payment was returned to Ms R.

After not receiving a promised call back, it appears that Ms R realised she'd been the victim of a scam and contacted Monese. Monese said that it had been unable to recover Ms R's money, so it wouldn't provide a refund to her.

Ms R referred the matter to our service and one of our investigators upheld her complaint. They thought that Monese should have found the payments Ms R made to be suspicious and, had it asked questions about the payments before they took place, Ms R's loss would have been prevented.

Monese didn't agree. It said that it would refund half of the second payment, as the bank which received the money should refund the rest. It added that it did not think that the first payment made was sufficiently unusual that it ought to have triggered Monese's security systems.

As no agreement could be reached, the case was passed to me for a final decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and

reasonable in the circumstances of this complaint.

The starting position in law is that Ms R is responsible for transactions she's carried out herself (even as a result of deception).

However, taking into account the law, regulators' rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Monese should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which payment service providers are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases decline to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

In this case I'm satisfied that Monese should have contacted Ms R before allowing the first payment to proceed. It was the largest payment that had been made in the previous six months (the only other payments of a similar size all appear to have gone to Ms R's own account), it reduced the balance of the account to almost nothing (an unusual position for an account that otherwise held a healthy balance) and it was made to a new payee.

It doesn't appear that Monese provided any sort of warning to Ms R and I think, given how unusual and out of character the payment was, it ought to have contacted Ms R and discussed the payment before releasing it.

Given that when Monese contacted Ms R about the £7,100 payment, she informed it exactly what was happening, there's every reason to think she would have done the same had it contacted her about the first payment. Monese would never ask a customer to move money in this way and would have been able to advise her that she was falling victim to a scam. It follows that it's more likely than not that had Monese done what it ought to have done here, the loss Ms R suffered would have been prevented.

I'm also not persuaded that Ms R should bear any responsibility for what happened. I can understand why, as a layperson, she would have been worried by the call from Monese – particularly after responding to the earlier text message. Ms R has provided evidence that the number which she was called on matches Monese's genuine number. She said that the fraudsters asked her to check the number on the back of her card and it matched the number she was called on. I understand why she found this to be compelling. Ms R also reports that the fraudster had a high level of knowledge about the Monese application. So, taking the above into account, I can understand why she thought she was dealing with the genuine Monese (even if, as Monese point out, the repeated failed payments prior to the second payment going through might have struck her as somewhat unusual).

Monese suggest that the bank which received Ms R's funds should share some liability. But, our service can only deal with the complaint that we've received and, in any case, it cannot be assumed that the receiving bank has any liability in this case.

So, my final decision is that this complaint should be upheld and Monese should refund Ms R in full.

In relation to interest, I think Monese should pay 8% simple interest per annum on the first payment, as it was money that was in her current account and would likely have been used for day to day spending. Ms R says that the second payment came from a savings account that did not attract any interest. But for the scam, it's likely that the second payment would have stayed where it was, not attracting interest, so I don't think any interest should be paid on the second payment.

Finally, I understand that Ms R was unhappy with the way Monese handled her claim – in particular that all correspondence with the fraud team was carried out via email. I appreciate that this was frustrating for Ms R, but, in general, it isn't my role to instruct Monese as to how its fraud department should correspond with customers. Instead, I can consider the overall service provided to Ms R, but I haven't seen anything here to suggest that service fell significantly below the level I'd expect.

My final decision

I uphold this complaint about PrePay Technologies Limited trading as Prepay Solutions and instruct it to pay Ms R:

- The amount lost - £9,461.96, less any amount already recovered or returned.
- 8% simple interest per annum on the £5,461.96 payment from the date it took place to the date of settlement, less any tax lawfully deductible.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 2 March 2023.

Rich Drury
Ombudsman